Centaurus Metals Limited

and its controlled entities

ABN 40 009 468 099

Interim Financial Report
30 June 2019

Contents

Directors' Report

Your directors present their report on the Consolidated Entity ("Group") consisting of Centaurus Metals Limited ("Centaurus" or "the Company") and the entities it controlled at the end of, or during, the half-year ended 30 June 2019 together with the consolidated financial report and review report thereon.

Directors

The following persons were directors of Centaurus Metals Limited during the half-year and up to the date of this report:

Mr D M Murcia
Mr D P Gordon
Mr M D Hancock
Mr B R Scarpelli
Mr C A Banasik

Review of Operations

Financial Position

The total comprehensive consolidated loss for the half-year was $1,528,806 (2018: $2,472,605). Included in the loss is exploration expenditure of $714,620 (2018: $1,209,148).

At the end of the half-year the Group had a net cash balance of $2,261,836 (2018: $3,755,526) and net assets of $4,589,444 (2018: $5,803,986).

Overview

The half year ending 30 June 2019 was a productive period for Centaurus, which saw the Company commence a new Pre-Feasibility Study for the Company's 100%-owned Jambreiro Project. This followed the completion of a strategic review of the 2013 Jambreiro Iron Ore Project Feasibility Study work, an ongoing assessment of the significant changes and marked improvement in the Brazilian domestic and global iron ore market this year, and the limited scope changes required to allow for the timely development of the Project to proceed.

The PFS leveraged off the vast amount of detailed technical work that was completed on the Jambreiro Project in 2011-2013, as well as the advanced nature of the licences and approvals it already holds in an environment where the supply of high-grade, low-impurity ore in Brazil is now more difficult to access by potential customers.

Jambreiro Project – Iron Ore Project

The Company's 100%-owned Jambreiro Project, located in south-east Brazil, is a shovel-ready development project that is licenced for 3Mtpa of production and which represents a strategic asset in the Brazilian domestic iron ore and steel sector, particularly with premium pricing that exists in the market for high grade ore (+65% Fe) such as that which could be produced at Jambreiro.

During the period Centaurus completed the Pre-Feasibility Study (PFS), with the key financial and technical outcomes announced to the market on 5 July 2019. The PFS outlined a robust 1Mtpa start-up project capable of generating life-of-mine revenues of A$1.05 billion and EBITDA of A$533 million over its initial 18-year life.

The strong economics of the proposed A$59.8 million development – including a A$114.9 million post-tax NPV_8 and IRR of 32% for a 1Mtpa operation – provide a strong foundation for the Company to progress off-take arrangements and initiate detailed debt finance discussions to facilitate a Final Investment Decision in early 2020.

The PFS has been based on the new JORC 2012 Proven and Probable Ore Reserves estimate of 43.3Mt grading 29.1% Fe, which was also released to the market on 5 July 2019. The Ore Reserve estimate focuses only on the friable component of the JORC 2012 Mineral Resource estimate (Measured, Indicated and Inferred) and utilises current operating costs and conservative revenue assumptions.

The Ore Reserve delivers 17.9Mt of high-grade (65% Fe), low-impurity (4.3% SiO_2, 0.8% Al_2O_3 & 0.01% P) sinter product to support the initial 18-year mine life once operations commence. Underpinning the PFS results are low forecast mine gate cash operating costs of A$25.1/tonne, which when combined with government and landowner royalties, amount to a total mine gate cash cost (C1 + Royalties) of A$29.0/tonne.

With tailings management being such a strong focus point for all stakeholders in Brazil at the present time, the Company has proactively made the decision that it will dry stack all tailings from the operations of the Project. This approach has the benefit of facilitating an easier future expansion pathway for the Project (no tails dam capacity constraints) and minimising the potential impact of government and/or non-government organisation intervention as the Project advances towards production.

Based on the strong project economics, the Board has approved the commencement of a BFS, which is being targeted for completion before the end of 2019. Importantly, the key environmental and mining approvals are all in place to facilitate the timely delivery of the Project.

Jaguar Nickel Project

Subsequent to 30 June 2019, the Company entered into an agreement with Vale for the 100% acquisition of the Jaguar Nickel Sulphide Project. Jaguar is an at-surface nickel sulphide project which hosts a non-JORC foreign resource of 40.4Mt at 0.78% Ni (0.5% Ni cut-off) for a total of 315,000 tonnes[1] of contained Nickel with outstanding high-grade open pit potential.

The Jaguar project is located 35 km north of the regional mining centre of Tucumã (population +50,000) with a 230kVA sub-station located 15km south-east of the Project at Vale's Onça-Puma Nickel Mine. The Project hosts multiple nickel sulphide deposits and exploration targets within a 30km^2 land package in the western portion of the world-class Carajás Mineral Province. Vale completed a resource estimate in 2010 with more than 55,000m of diamond drilling.

1. Centaurus cautions that mineral resources for the Jaguar Project are not reported in accordance with the JORC Code. A Competent Person has not yet done sufficient work to classify the resources as mineral resources in accordance with JORC code. It is uncertain that, following the evaluation of further work, the foreign estimate will be able to be reported as Mineral Resources in accordance with JORC Code. Refer to ASX Announcement 6 August 2019 for detail on foreign resource.

Nickel sulphide mineralisation at Jaguar occurs as two types:

- high grade late stage zones of massive and semi-massive sulphides comprising bodies up to 30m parallel or oblique to the larger hydrothermal alteration zones, and,
- medium to low-grade bulk disseminated, veins and veinlets to stringer sulphides associated with and generally concordant to the W-NW trending sub-vertical large-scale alteration zones.

The Company plans to focus drilling efforts on near surface high-grade targets, with in-fill and extension drilling aiming to improve understanding of the high-grade mineralisation and add significantly more higher-grade nickel tonnes.

The upfront consideration for the Jaguar Nickel Sulphide Project comprises the transfer of the Salobo West Exploration licenses and Exploration Licence Applications to Vale (see comment on Salobo West below) as well as US$250,000 on closing of the transaction (expected to be October 2019). In addition, to the upfront consideration, Centaurus will pay the following deferred consideration on achievement of certain key milestones;

- US$1.75 million on commencement of a bankable feasibility study, commencement of construction or 3 years from closing, whichever comes first,
- US$5 million on the commencement of commercial production, and
- A 0.75% net operating revenue royalty on future production.

Vale have also agreed to enter into a future Off-take Agreement whereby they can purchase 100% of the production from the Project at arms-length market-based prices.

The agreement is conditional upon approval by the Brazilian National Bank for Economic and Social Development (BNDES) for the assignment of the BNDES royalty interest (1.8% net operating royalty) in the Project as well as any other shareholder approvals required by Centaurus.

Salobo West Copper-Gold Project

The Salobo West Copper-Gold project is a highly prospective and strategically located exploration project with the potential to deliver Tier-1 IOCG-style discoveries in proximity to one of Vale’s cornerstone copper-gold operations in Brazil. Centaurus has pursued a systematic and diligent exploration program over the past two years to advance Salobo West to a drill-ready stage, while at the same time progressing the permitting process to a stage where the grant of the relevant licences is anticipated shortly.

While the Company remains very enthusiastic about the potential of Salobo West, exploration of the Project was going to be relatively expensive in a challenging environment for a junior exploration company. Given its dominant footprint in northern Brazil and the close proximity of the Salobo mine, Vale was considered the natural owner of this asset and hence the opportunity to use the Salobo West tenure to leverage into the highly advanced, pre-development, Jaguar Nickel Sulphide Project was seen as a compelling opportunity.

As a result of agreeing to transfer the Salobo West Copper Gold Project to Vale as part of the transaction to acquire the Jaguar Nickel Sulphide Project, the original vendor of the Salobo West tenure, Terrativa Minerais SA (Terrativa), was able to elect to convert its previously held royalty interest in the Salobo West tenements to an effective share of proceeds. An amount of A$3.5 million was negotiated with Terrativa in relation to this, with A$1 million to be paid on closing of the transaction with Vale in Centaurus shares. As at the date of this report, closing has not occurred but the shares have agreed to be issued, subject to closing being achieved.

The shares will be issued at $0.0095, being the 10-day VWAP of Centaurus' shares immediately prior to the original announcement of the transaction. The remaining A$2.5 million will be paid in cash over 2.5 years with A$0.5 million to be paid every 6 months. The first payment would be due 6 months after closing of the transaction and at this time Centaurus can elect to make a lump sum payment of A$2 million instead of the staged A$2.5 million payment.

Further, Terrativa will be entitled to two contingent payments of A$1.25 million each based on Centaurus' market capitalisation achieving certain milestones within a 36-month period after closing.

Itapitanga Nickel-Cobalt Project

The Itapitanga Project covers an area of approximately 50km^2 and is located in the Carajás Mineral Province of northern Brazil. The Project covers the southern extension of the same ultramafic-mafic intrusive complex that hosts both the Jacaré nickel-cobalt deposit and several unpublished nickel-cobalt resources held by Vale.

Anglo American's neighbouring world-class Jacaré nickel-cobalt deposit is one of the highest grade, large-tonnage nickel-cobalt deposits in the world, with a Mineral Resource of 307Mt at 1.3% Ni, including a high-grade ferruginous laterite (high grade cobalt) resource of 185Mt at 1.2% Ni and 0.19% Co[1]. The Itapitanga Project is located primarily on farm land 50km north-east of the regional centre of São Felix de Xingu and is accessible all year via an unpaved road. The project is located 110km from Vale's operating nickel mine, Onça-Puma.

In November 2018, Centaurus executed a binding earn-in joint venture term sheet with Australian-based battery metals process leader, the Simulus Group ("Simulus"), covering the development of the Itapitanga Project.

Under the staged earn-in Agreement, Simulus can earn up to an 80% interest in the project and will manage it through various study phases utilising its extensive in-house capabilities for process design on nickel-cobalt projects with the ultimate aim of delivering a low capital intensity process design and completing a Definitive Feasibility Study. Centaurus will be free-carried throughout the various exploration, resource evaluation and feasibility phases until project financing is arranged and a decision to mine is made.

A 40-tonne bulk sample was collected in January and delivered in April to Simulus to undertake Feasibility Study-level flowsheet optimisation work at its state-of-the-art demonstration plant in Perth.

[1] Resource data sourced from Anglo American Presentations "Ore Reserves and Mineral Resources Report 2018"

Substantial testwork has been undertaken by Simulus to support the Scoping Study work which was based on the variability samples delivered to them prior to the bulk sample in January 2019. Simulus has not yet needed to undertake any testwork on the 40-tonne bulk sample. Simulus have the bulk sample stored at their Welshpool facilities and this will be used as needed in undertaking tests to assist with the optimisation of operating costs in H2 2019 as outlined above.

The Scoping Study continues to advance, with work focussed on producing downstream value-added products over a traditional concentrate. Simulus has determined that an opportunity exists to enhance the project design (and ultimately the potential economics) by producing downstream value-added products over a traditional concentrate product. Ahead of finalising the Scoping Study, work is continuing on the following four fronts:

- Optimising project economics and product selection,
- Optimising the project size,
- Reducing operating costs, and
- Maximising modularisation.

The flowsheet optimisation work is ongoing following completion of further base case product assessments and prior to committing to pilot plant operations. Simulus have advised that it is imperative that the optimum flowsheet for the project's specific geographic and economic situations is designed at the start of the various phases of economic assessment.

Competent Person Statement

Jambreiro Mineral Resource & Ore Reserve

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Roger Fitzhardinge who is a Member of the Australasian Institute of Mining and Metallurgy and Volodymyr Myadzel who is a Member of the Australian Institute of Geoscientists. Roger Fitzhardinge is a permanent employee of Centaurus Metals Limited and Volodymyr Myadzel was the Senior Resource Geologist of BNA Mining Solutions, independent resource consultants engaged by Centaurus Metals, at the time when the Mineral Resource estimate was first completed.

Roger Fitzhardinge and Volodymyr Myadzel have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Roger Fitzhardinge and Volodymyr Myadzel consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

The information in this report that relates to Ore Reserves is based on information compiled by Beck Nader who is a professional Mining Engineer and a Member of the Australian Institute of Geoscientists. Beck Nader is the Managing Director of BNA Mining Solutions and is a consultant to Centaurus.

Beck Nader has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Beck Nader consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Jaguar Nickel Sulphide Project Foreign Resource Estimate

Mr Roger Fitzhardinge confirms that the information in this report that relates to the Exploration Results and Mineral Resource provided under ASX Listing Rules 5.12.2 to 5.12.7 is an accurate representation of the available data and studies supplied to Centaurus as a foreign estimate.

ASX Waivers in regard to Issue of Performance Rights - Pará Exploration Package

Unquoted Performance Rights

The following Performance Rights were issued on 5 September 2017 and are held by Terrativa Minerais SA under the terms of the Company's Agreement with Terrativa signed in December 2016 in relation to the acquisition of 100% of the Para Exploration Package in Brazil.

Each tranche of Performance Rights will be converted into Ordinary Shares upon the achievement in full of the following vesting conditions:

- Tranche A – 30,000,000 Performance Rights will be converted into 30,000,000 Ordinary Shares if, within a period of 5 years after the date of issue of the Performance Rights, a JORC-compliant Inferred Resource of 500,000oz of gold or gold equivalent is defined on the Pará Exploration Package Project tenements;
- Tranche B – 30,000,000 Performance Rights will be converted into 30,000,000 Ordinary Shares if, within a period of 5 years after the date of issue of the Performance Rights, a JORC-compliant Inferred Resource of 1,000,000oz of gold or gold equivalent is defined on the Pará Exploration Package Project tenements;
- Tranche C – 30,000,000 Performance Rights will be converted into 30,000,000 Ordinary Shares if, within a period of 5 years after the date of issue of the Performance Rights, a JORC-compliant Inferred Resource of 1,500,000oz of gold or gold equivalent is defined on the Pará Exploration Package Project tenements.

During the reporting period none of the Performance Rights were converted or cancelled and no vesting conditions were met.

Events Subsequent to Reporting Date

On 4 September 2019 Centaurus executed a Sale & Purchase Agreement with Vale to acquire 100% of the Jaguar Nickel Sulphide Project, in a transaction which includes an asset swap arrangement on the Salobo West Project. Further details of the transaction including the consideration payable are outlined in the Operations Review section of the Directors Report above.

Subsequent to the half-year end Centaurus issued 73,489,197 ordinary shares raising $0.73m, from the exercise of listed CTMOB options which expired on 31 August 2019.

Further, on 10 September 2019, Centaurus announced that it had finalised a $10 million share placement via the issue of 1 billion shares at $0.01 per share to sophisticated and institutional investors. The placement is to be undertaken in two tranches. Tranche 1 will comprise 592,379,682 shares under the Company's placement capacities under Listing Rules 7.1 and 7.1A whilst Tranche 2 will comprise 407,620,318 shares, subject to shareholder approval at a General Meeting of Shareholders scheduled to be held on or about 21 October 2019. Tranche 1 shares are planned to be issued on 16 September 2019.

Other than the above there has not arisen in the interval between the end of the reporting period and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial periods.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 for the half-year ended 30 June 2019 is set out on page 10.

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Darren Gordon
Managing Director

13 September 2019

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Centaurus Metals Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Centaurus Metals Limited for the half-year ended 30 June 2019 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Trevor Hart
Partner

Perth

13 September 2019

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 30 June 2019

	30 June 2019 $	30 June 2018 $
Profit or Loss		
Other income	**68,168**	-
Exploration expenditure	**(714,620)**	(1,209,148)
Impairment of exploration asset	**(150,000)**	-
Reversal/(Impairment) of other receivables	**15,174**	(40,211)
Employee benefits expense	**(371,003)**	(348,848)
Share based payment expense	**(38,835)**	(124,604)
Occupancy expenses	**(22,598)**	(24,586)
Listing and share registry fees	**(33,119)**	(62,199)
Professional fees	**(148,877)**	(219,854)
Depreciation	**(1,919)**	(5,684)
Other expenses	**(212,514)**	(168,724)
Results from operating activities	**(1,610,143)**	(2,203,858)
Finance income	**23,543**	34,559
Finance expense	**(14,027)**	-
Loss before income tax	**(1,600,627)**	(2,169,299)
Income tax benefit	**-**	-
Loss for the period	**(1,600,627)**	(2,169,299)
Other Comprehensive Income		
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation of foreign operations	**71,821**	(303,306)
Other comprehensive income/(loss) for the period	**71,821**	(303,306)
Total comprehensive loss for the period	**(1,528,806)**	(2,472,605)
Earnings per Share	**Cents**	Cents
Basic loss per share	**(0.06)**	(0.10)
Diluted loss per share	**(0.06)**	(0.10)

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Financial Position

As at 30 June 2019

	Note	30 June 2019 $	31 December 2018 $
Current assets			
Cash and cash equivalents		**2,261,836**	1,399,910
Other receivables and prepayments		**196,129**	149,934
Total current assets		**2,457,965**	1,549,844
Non-current assets			
Other receivables and prepayments		**78,358**	97,956
Property, plant and equipment		**333,035**	324,461
Exploration and evaluation assets		**2,380,914**	2,487,858
Total non-current assets		**2,792,307**	2,910,275
Total assets		**5,250,272**	4,460,119
Current liabilities			
Trade and other payables		**313,999**	181,921
Employee benefits		**209,359**	180,939
Total current liabilities		**523,358**	362,860
Non-current liabilities			
Employee benefits		**137,470**	130,070
Total non-current liabilities		**137,470**	130,070
Total liabilities		**660,828**	492,930
Net assets		**4,589,444**	3,967,189
Equity			
Share capital	4	**118,447,389**	116,382,624
Reserves		**(6,409,175)**	(6,388,926)
Accumulated losses		**(107,448,770)**	(106,026,509)
Total equity		**4,589,444**	3,967,189

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Changes in Equity

For the half-year ended 30 June 2019

	Issued Capital $	Share-Based Payments Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total Equity $
Balance at 1 January 2019	**116,382,624**	**757,290**	**(7,146,216)**	**(106,026,509)**	**3,967,189**
Loss for the period	-	-	-	(1,600,627)	(1,600,627)
Foreign currency translation difference for foreign operations	-	-	71,821	-	71,821
Total comprehensive loss for the period	**-**	**-**	**71,821**	**(1,600,627)**	**(1,528,806)**
Share-based payment transactions	-	108,623	-	-	108,623
Shares options exercised	69,700	-	-	-	69,700
Issue of ordinary shares	2,222,000	-	-	-	2,222,000
Share issue costs	(249,262)	-	-	-	(249,262)
Transfer on exercise of options	22,327	(200,693)	-	178,366	-
Total transactions with owners	**2,064,765**	**(92,070)**	**-**	**178,366**	**2,151,061**
Balance at 30 June 2019	**118,447,389**	**665,220**	**(7,074,395)**	**(107,448,770)**	**4,589,444**

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Changes in Equity (Continued)

For the half-year ended 30 June 2019

	Issued Capital $	Share-Based Payments Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total Equity $
Balance at 1 January 2018	**111,776,626**	**414,399**	**(6,968,863)**	**(101,739,965)**	**3,482,197**
Loss for the period	-	-	-	(2,169,299)	(2,169,299)
Foreign currency translation difference for foreign operations	-	-	(303,306)	-	(303,306)
Total comprehensive loss for the period	**-**	**-**	**(303,306)**	**(2,169,299)**	**(2,472,605)**
Share-based payment transactions	-	197,814	-	-	197,814
Shares options exercised	2,317,199	-	-	-	2,317,199
Issue of ordinary shares	2,655,000	-	-	-	2,655,000
Share issue costs	(375,619)	-	-	-	(375,619)
Transfer on exercise of options	11,255	(11,255)	-	-	-
Total transactions with owners	**4,607,835**	**186,559**	**-**	**-**	**4,794,394**
Balance at 30 June 2018	**116,384,461**	**600,958**	**(7,272,169)**	**(103,909,264)**	**5,803,986**

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Cash Flows

For the half-year ended 30 June 2019

	30 June 2019 $	30 June 2018 $
Cash flows from operating activities		
Exploration and evaluation expenditure	**(875,234)**	(1,046,069)
Payments to suppliers and employees (inclusive of indirect taxes)	**(606,406)**	(664,465)
Cash receipts from joint venture partners	**221,613**	-
Interest received	**20,250**	29,378
Net cash used in operating activities	**(1,239,777)**	(1,681,156)
Cash flows from investing activities		
Payments for plant & equipment	**(8,522)**	(14,547)
Buy back of project royalty	**(40,979)**	-
Acquisition of exploration assets	**-**	(38,264)
Proceeds from sale of plant & equipment	**-**	3,995
Net cash used in investing activities	**(49,501)**	(48,816)
Cash flows from financing activities		
Proceeds from issue of equity securities	**2,222,000**	2,655,000
Proceeds from the exercise of options	**69,700**	2,317,199
Capital raising costs	**(149,469)**	(302,409)
Net cash from financing activities	**2,142,231**	4,669,790
Net increase in cash and cash equivalents	**852,953**	2,939,818
Cash and cash equivalents at the beginning of the half-year	**1,399,910**	822,132
Effect of exchange rate fluctuations on cash held	**8,973**	(6,424)
Cash and cash equivalents at the end of the half-year	**2,261,836**	3,755,526

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Condensed Consolidated Interim Financial Statements

For the half-year ended 30 June 2019

Note 1. Reporting Entity

Centaurus Metals Limited is a company domiciled in Australia. These condensed consolidated interim financial statements ('interim financial statements') as at and for the six months ending 30 June 2019 comprise the Company and its subsidiaries (together referred to as the 'Group'). The Group is primarily involved in the exploration for and evaluation and development of mineral resources.

Note 2. Basis of Preparation

Statement of Compliance

The condensed consolidated interim financial statements are general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001, and IAS 34 *Interim Financial Reporting.*

They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2018.

These interim financial statements were authorised for issue by the Company's Board of Directors on 13 September 2019.

Judgements and Estimates

In preparing these interim financial statements, management make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2018.

Going Concern

The interim financial statements for the period ended 30 June 2019 have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

Note 3. Significant Accounting Policies

Changes in Accounting Policy

Other than described below there have been no changes in accounting policies for the half-year ended 30 June 2019. The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2018.

Accounting Standards

The Group has adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period.

Any new, revised or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Other than described below the adoption of the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for current or prior periods.

AASB 16 Leases

AASB 16 *Leases* became effective for periods beginning on or after 1 January 2019. The standard which replaces AASB 117 *"Leases"* removes the concept of operating and finance leases for lessees and replaces it with a single accounting model under which lessees are required to recognise most leases on balance sheet as lease liabilities, with the corresponding right to use assets being recognised. Lessees have the option not to recognise certain types of leases such as 'short-term' leases and leases of low value assets.

The Group has applied the 'modified retrospective' method in adopting AASB 16 without restating the comparative information for 2018 as permitted by the transitional provisions of the standard. On transition to AASB 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied AASB 16 only to contracts that were previously identified as leases.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance costs. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use-asset, initially measured at cost, comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset, reduced by any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate or if the Group changes its assessment of whether it will exercise an extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use-asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets, including office equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As at reporting date the Group has concluded that there will be no impact on the financial statements on the application of AASB 16. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Note 4. Share Capital

	30 June 2019 Number of Shares	30 June 2018 Number of Shares
On issue at the start of the period	**2,304,982,165**	1,777,272,235
Issue of ordinary shares for share placement at $0.055 per share	**404,000,000**	-
Issue of ordinary shares on exercise of unlisted options at $0.0082 per share	**8,500,000**	5,500,000
Issue of ordinary shares for share placement at $0.009 per share	**-**	295,000,000
Issue of ordinary shares on exercise of options at $0.01 per share	**-**	227,209,930
On issue at the end of the period	**2,717,482,165**	2,304,982,165

Note 5. Operating Segments

The Group operates in the mineral exploration industry. For management purposes the Group is organised into one main operating segment which involves the exploration of minerals. All of the Group's activities are interrelated and financial information is reported to the Managing Director (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon an analysis of the Group as one segment.

The financial results and financial position from this segment are largely equivalent to the financial statements of the Group as a whole.

Geographical Segment Information	**30 June 2019 Non-Current Assets $**	31 December 2018 Non-Current Assets $
Brazil	**2,777,518**	2,905,394
Australia	**14,789**	4,881
Total	**2,792,307**	2,910,275

Note 6. Subsequent Events

(i) On 4 September 2019 Centaurus executed a Sale & Purchase Agreement with Vale to acquire 100% of the Jaguar Nickel Sulphide Project, in a transaction which includes an asset swap arrangement on the Salobo West Project.

The upfront consideration for the Jaguar Nickel Sulphide Project comprises the transfer of the Salobo West Exploration licenses and Exploration Licence Applications to Vale as well as US$250,000 on closing of the transaction (expected to be October 2019). In addition to the upfront consideration, Centaurus will pay the following deferred consideration on achievement of certain key milestones;

- US$1.75 million on commencement of a bankable feasibility study, commencement of construction or 3 years from closing, whichever comes first,
- US$5 million on the commencement of commercial production, and
- A 0.75% net operating revenue royalty on future production.

Vale have also agreed to enter into a future Off-take Agreement whereby they can purchase 100% of the production from the Project at arms-length market-based prices.

The transaction is conditional upon approval by the Brazilian National Bank for Economic and Social Development (BNDES) for the assignment of the BNDES royalty interest (1.8% net operating royalty) in the Project as well as any other shareholder approvals required by Centaurus.

As a result of agreeing to transfer the Salobo West Copper Gold Project to Vale as part of the transaction to acquire the Jaguar Nickel Sulphide Project, the original vendor of the Salobo West tenure, Terrativa Minerais SA (Terrativa), was able to elect to convert its previously held royalty interest in the Salobo West tenements to an effective share of proceeds. An amount of A$3.5 million was negotiated with Terrativa in relation to this, with A$1 million to be paid on closing of the transaction with Vale in Centaurus shares. As at the date of this report, closing has not occurred but the shares have agreed to be issued, subject to closing being achieved.

The shares will be issued at $0.0095, being the 10-day VWAP of Centaurus' shares immediately prior to the original announcement of the transaction. The remaining A$2.5 million will be paid in cash over 2.5 years with A$0.5 million to be paid every 6 months. The first payment would be due 6 months after closing of the transaction and at this time Centaurus can elect to make a lump sum payment of A$2 million instead of the staged A$2.5 million payment.

Further, Terrativa will be entitled to two contingent payments of A$1.25 million each based on Centaurus' market capitalisation achieving certain milestones within a 36-month period after closing.

(ii) Subsequent to the half-year end Centaurus issued 73,489,197 ordinary shares raising $0.73m, from the exercise of listed CTMOB options which expired on 31 August 2019.

Further, on 10 September 2019, Centaurus announced that it had finalised a $10 million share placement via the issue of 1 billion shares at $0.01 per share to sophisticated and institutional investors.

The placement is to be undertaken in two tranches. Tranche 1 will comprise 592,379,682 shares under the Company's placement capacities under Listing Rules 7.1 and 7.1A whilst Tranche 2 will comprise 407,620,318 shares, subject to shareholder approval at a General Meeting of Shareholders scheduled to be held on or about 21 October 2019. Tranche 1 shares are planned to be issued on 16 September 2019.

Other than the above there has not arisen in the interval between the end of the reporting period and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial periods.

Directors' Declaration

For the half-year ended 30 June 2019

In the directors' opinion:

(a) The condensed consolidated financial statements and notes set out on pages 11 to 20 are in accordance with the Corporations Act 2001, including:

i. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
ii. giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the half-year ended on that date, and

(b) there are reasonable grounds to believe that Centaurus Metals Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

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Darren Gordon
Managing Director

13 September 2019

Independent Auditor's Review Report

To the shareholders of Centaurus Metals Limited

Conclusion

We have reviewed the accompanying ***Interim Financial Report*** of Centaurus Metals Limited

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Centaurus Metals Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 30 June 2019 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Interim Financial Report*** comprises:

- Condensed consolidated statement of financial position as at 30 June 2019
- Condensed consolidated statement of profit or loss and other comprehensive income, Condensed consolidated statement of changes in equity and Condensed consolidated statement of cash flows for the half-year ended on that date
- Notes 1 to 6 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The ***Group*** comprises Centaurus Metals Limited (the Company) and the entities it controlled at the half year's end or from time to time during the half-year.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that is free from material misstatement, whether due to fraud or error

Auditor's responsibility for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Interim Financial Report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Group's financial position as at 30 June 2019 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As auditor of Centaurus Metals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an Interim Period Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

KPMG

Trevor Hart
Partner

Perth

13 September 2019